



## FISCAL MEMORANDUM

### SB 2168 - HB 2833

February 22, 2022

**SUMMARY OF BILL AS AMENDED (013856):** Revises various aspects of the public charter school application process and rules for the acquisition of vacant and underutilized property.

### FISCAL IMPACT OF BILL AS AMENDED:

**Increase Local Expenditures – \$28,000/FY22-23 and Subsequent Years**

**Other Fiscal Impact – Funds may shift from LEAs to public charter schools. The precise amount and timing of any such shift, if any, cannot be reasonably determined.**

Assumptions for the bill as amended:

- The proposed legislation authorizes public charter schools to petition the Comptroller of the Treasury (COT) to audit the listing of underutilized or vacant properties submitted to the Department of Education (DOE) by the LEA.
- Public charter schools are located in Shelby, Davidson, Knox, and Hamilton Counties. It is estimated that at least one public charter school in each county will petition for an audit.
- These audits will be performed as part of a three-party contract between COT, a CPA firm, and a public charter school.
- This will result in a permissive increase in local expenditures of \$28,000 (\$7,000 per audit x 4 public charter school petitions).
- The proposed legislation authorizes a public charter school operating in the LEA to have a right of first refusal to: lease at an annual cost not to exceed the annual capital funding received by the public charter school leasing the building; or purchase at or below fair market value any underutilized or vacant property submitted by the LEA under this section.
- It is unknown how many LEAs will lease or sell underutilized or vacant properties to public charter schools and subsequently lose the market value that could have been recovered otherwise. This may result in an undetermined decrease in local revenue.
- If additional students attend public charter schools as a result of this legislation, there may be an undetermined shift in BEP funding from LEAs to public charter schools.
- Due multiple unknown variables, the precise shift in BEP funding, if any, to public charter schools cannot be reasonably determined.

**CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink that reads "Krista Lee Carsner". The script is cursive and fluid, with the first letters of each name being capitalized and prominent.

Krista Lee Carsner, Executive Director

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